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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, NORTHERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

DIGITAL LICENSING INC. (d/b/a “DEBT Box”), a Wyoming corporation; JASON R. ANDERSON, an individual; JACOB S. ANDERSON, an individual; SCHAD E. BRANNON, an individual; ROYDON B. NELSON, an individual; JAMES E. FRANKLIN, an individual; WESTERN OIL EXPLORATION COMPANY, INC., a Nevada corporation; RYAN BOWEN, an individual; IX GLOBAL, LLC, a Utah limited liability company; JOSEPH A. MARTINEZ, an individual; BENJAMIN F. DANIELS, an individual; MARK W. SCHULER, an individual; B & B INVESTMENT GROUP, LLC (d/b/a “CORE 1 CRYPTO”), a Utah limited liability company; TRAVIS A. FLAHERTY, an individual; ALTON O. PARKER, an individual; BW HOLDINGS, LLC (d/b/a the “FAIR PROJECT”), a Utah limited liability company; BRENDAN J. STANGIS, an individual; and MATTHEW D. FRITZSCHE, an individual;

Defendants,

Case No.:

DECLARATION OF JOSEPH D. WATKINS IN SUPPORT OF PLAINTIFF SECURITIES AND EXCHANGE COMMISSION’S *EX PARTE* APPLICATION FOR ENTRY OF TEMPORARY RESTRAINING ORDER AND ORDERS: (1) FREEZING ASSETS; (2) REQUIRING ACCOUNTINGS; (3) PROHIBITING THE DESTRUCTION OF DOCUMENTS; (4) GRANTING EXPEDITED DISCOVERY; (5) REPATRIATING ASSETS; AND (6) ORDER TO SHOW CAUSE RE PRELIMINARY INJUNCTION

ARCHER DRILLING, LLC, a Wyoming limited liability company; BUSINESS FUNDING SOLUTIONS, LLC, a Utah limited liability company; BLOX LENDING, LLC, a Utah limited liability company; CALMFRITZ HOLDING, LLC, a Utah limited liability company; CALMES & CO, INC., a Utah corporation; FLAHERTY ENTERPRISES, LLC, an Arizona limited liability company; IX VENTURES FZCO, a United Arab Emirates company; PURDY OIL, LLC, a Nebraska limited liability company; THE GOLD COLLECTIVE LLC, a Utah limited liability company; and UIU HOLDINGS, LLC, a Delaware limited liability company,

Relief Defendants.

I, Joseph D. Watkins, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am over twenty-one years of age and am a resident of the State of Utah.

2. I make this declaration in support of the United States Securities and Exchange Commission's ("Commission's") *Ex Parte* Application for Entry of Temporary Restraining Order and Orders (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting the Destruction of Documents; (4) Granting Expedited Discovery; (5) Repatriating Assets; and (6) Order to Show Cause re Preliminary Injunction.

3. I have personal knowledge of the matters set forth herein, except as otherwise noted, and, if called as a witness, I could and would competently testify under oath to the facts stated herein.

4. I am presently employed as a Staff Attorney within the Division of Enforcement in the Commission's Salt Lake Regional Office, located at 351 South West Temple, Suite 6.100, Salt Lake City, Utah, 84101. I have been employed as an attorney with the Commission since January

2023. My duties as a Staff Attorney in the Commission’s Division of Enforcement include participating in fact-finding inquiries and investigations to determine whether the federal securities laws have been, are presently being, or are about to be violated, and assisting, as requested, in the Commission’s litigation of securities laws violations.

5. As part of my duties, I was assigned to the Commission’s investigation entitled *In the Matter of Digital Licensing, Inc.* (SL-02891) (“Investigation”). I learned the information set forth in this declaration from my personal knowledge and experience and information and documents I reviewed in the course of the Investigation, including: bank records, witness interviews, and testimony that I or other members of the investigative team conducted, witness and investor declarations that I or other members of the investigative team obtained, websites and social media sites that I understand are controlled by various Defendants and Relief Defendants, and other information provided to me by other Commission staff.

6. I have redacted or directed the redaction of all documents attached to this declaration where necessary to protect the privacy of investors and confidential sources.

The Commission’s Investigation Regarding Defendants’ Websites, Social Media Posts, and Promotional Materials

Defendants’ Websites

7. In the course of the Commission’s Investigation, I visited the primary website of Defendant DEBT Box, which contains information regarding the purchase of DEBT Box node software licenses: <http://thedebtbox.com> (last visited July 24, 2023) (herein, the “DEBT Box Website”). The website contains marketing materials stating that DEBT began offering to sell node licenses as early as March 2021 and continuing through the present. A true and correct copy of a web capture of this website is attached hereto as **Exhibit 1**.

8. In the course of the Commission's Investigation, I visited the "Projects" webpage of the DEBT Box Website, at <https://www.thedebtbox.com/projects> (last visited July 24, 2023). That webpage contains links to marketing materials for each of the eleven DEBT Box "tokens," which DEBT Box refers to as "LITE PAPERS." True and correct copies of the eleven DEBT Box "LITE PAPERS," as of July 24, 2023, are attached hereto as **Exhibits 2–12**. These marketing materials state, among other things, that "DEBT Box digital currency projects are linked to real-world commodities" and that "[t]hese real world commodity production projects benefit from Digital Licensing Incorporated's financial support, technologies, and operational assistance." In addition, the LITE PAPERS make the following representations:

- a. The XPLR LITE PAPER states that DEBT Box has access to "advanced proprietary remote sensing and satellite imagery technology" to reduce the costs incurred by its partners from the "exploration, extraction, refining and/or production processes of raw commodities."
- b. The BEV LITE PAPER states that "[a] recent multi-million dollar contract has been awarded to our partner, providing distribution services to retailers such as: 7-11, Aldis, Food Lion, Sam's Club and more. Royalties received will be used to buy BEV Project token out of the market to be burned."
- c. The BLGD LITE PAPER states that DEBT Box "has engaged in supporting the drilling of multiple wells on two, permitted and licensed to operate, oil fields. The first oil field is in Nevada on Bureau of Land Management land. The second oil field is in Nebraska on private land."

9. In the course of the Commission's Investigation, I visited Defendant iX Global's primary website, which contains information regarding the purchase of DEBT Box node software

license: <https://ixglobal.us/> (last visited July 24, 2023) (herein, the “iX Global Website”). I also visited a webpage on the iX Global Website containing schedules of fees regarding the purchase of DEBT Box node software licenses: <https://ixglobal.us/#pricing> (last visited July 24, 2023). A true and correct copy of a web capture of this webpage is attached hereto as **Exhibit 13**. According to this webpage, to purchase a DEBT Box node software license, an investor must sign up for an account with Defendant iX Global and pay a \$145 initiation fee.

10. In the course of the Commission’s Investigation, I also visited a webpage on the iX Global Website entitled “Become an Ambassador,” at <https://ixglobal.us/ambassadors-1/> (last visited July 24, 2023). A true and correct copy of a web capture of this webpage is attached hereto as **Exhibit 14**. According to this webpage, an iX Global “Ambassador” can earn “recurring commissions,” and “[r]eceive a 30% commission each month from every customer you refer.”

11. In the course of the Commission’s Investigation, and in my review of DEBT Box’s website and iX Global’s website, I was not able to locate any mechanism by which investors who purchased DEBT Box node software licenses were required to affirm their status as accredited investors. In addition, I was not able to locate any mechanism by which investors who purchased DEBT Box node software licenses could be verified as accredited investors.

12. On or around March 15, 2023, I visited a website that appeared to have been created by iX Global, containing information regarding the purchase of DEBT Box node software license, at <https://xnodes.org> (last visited March 15, 2023) (herein, the “X-Nodes Website”). I recall that marketing materials on the site, in the form of a video, stated that DEBT Box had partnerships with “independent companies with successful track records and decades of experience” in their respective commodity production industry. In addition, I recall that the X-Nodes Website contained statements that “DEBT Box projects are backed by hard assets and ONGOING royalty

revenue;” that there are “12 NEW projects in the pipeline to commence in 2023;” and that the “BGLD” project is “the DEBT ecosystem project that is linked to the physical production and sale of crude oil.” On or about July 24, 2023, I attempted to visit the X-Nodes Website again to obtain a web capture for purposes of this declaration. I was unable to access the site, which appears to have been taken down.

13. In the course of the Commission’s Investigation, I also visited a webpage on the X-Nodes Website containing iX Global’s “Global Membership Guide” for the purchase of DEBT Box node software licenses: <https://xnodes.org/ix-global-membership-guide/> (last visited March 15, 2023). According to this webpage, once an investor has signed up for an account with Defendant iX Global and paid a \$145 initiation fee, that investor may purchase DEBT Box node software licenses for prices ranging from \$1,000 to \$12,000 per license.

14. In the course of the Commission’s Investigation, I also visited Defendant Digital Licensing Inc.’s (“DEBT Box’s”) Medium website at <https://medium.com/@TheDebtBox> (last visited July 24, 2023) (herein, the “DEBT Box Medium Website”). True and correct copies of the articles published on the DEBT Box Medium Website as of July 24, 2023 are attached hereto as **Exhibits 15–26**.

15. The articles published on the DEBT Box Medium Website purport to contain information regarding Defendant Digital Licensing Inc.’s (“DEBT Box’s”) node software licenses. Among other things, the materials published on this website state that “the project is based on a synthetic Proof of Work consensus mechanism, and strives for a sustainable and green future with rational use of natural resources. The DEBT Box has been doing this from the beginning, ahead of Binance who is now switching to cloud mining.” These materials also state:

- a. “The DEBT Box offers software mining licenses that require far less energy than hardware mining rigs;”
- b. “The circulation of all our tokens is strictly limited: no excessive mining = no carbon footprint;”
- c. “We care about responsible use of natural resources such as oil, natural gas, aluminum and gold. That’s why we decided to tokenize mining of these commodities — to prevent surplus and illegal production.”
- d. “The D.E.B.T. Council has partnered with Digital Licensing, Inc. (DLI) to select independent oil exploration and production companies with successful track records and decades of experience. So far, DLI has engaged in supporting the drilling of multiple oil wells on two licensed areas in North America, as well as in Ghana, West Africa.”

16. In the course of the Commission’s Investigation, I also visited the following website containing information and marketing materials regarding the purchase of DEBT Box node software licenses: <http://www.bnbbaprozo.com/> (last visited July 24, 2023) (herein, the “DEBT Box Marketing Site”). The DEBT Box Marketing Site, among other things, makes the following representations:

- a. “After coming across the scanning technology” that has been shared with investors in videos, Jason and Jake Anderson “knew they were onto something special. Combining their experiences in all niches they managed to do a deal with Western Mining. After finding them endless amounts of oil thanks to the scanning technology a 5% revenue deal was agreed to and DEBT Box was launched.”

- b. DEBT Box “started selling their Nodes to their data base of Accredited investors from their days of managing Hedge Funds. It was a popular project and the value of the BLG tokens increased at a rapid pace, creating many millionaires. Soon after, projects such as NATG, DLG, ALUM and XPLR were launched. The question then became ‘How do we get this message, these projects, this amazing opportunity out to the masses?’”
- c. DEBT Box “shook hands with the network marketing company IX Global. IX global was formed in 2020 with niched digital products. The DEBT Box projects were a perfect add on to what IX Global were doing and it was a great solution to help DEBT get the word out about digital currency backed by physical assets. Today they are still stand-alone companies but work in well together.”
- d. “The world of Crypto mining and Node ownership is now available to the everyday average person, not just wealthy accredited investors or Entrepreneurs with millions to spare in order to set up a mining operation. You can now be a Node owner and mine your own digital currency from the comfort of your own home on laptop or phone at very affordable prices. Once purchased there is nothing more you need to do except sit back and watch the daily rewards come in and then just cash out whenever you feel it is the right time.”

Defendants’ YouTube Videos

17. In the course of the Commission’s Investigation, I watched a video posted to Defendant iX Global’s YouTube channel on or about May 6, 2022, at <https://www.youtube.com/watch?v=0f0ov-dihB8> (last visited July 24, 2023), entitled “X-Node Training:

Crypto Meets Commodities.” In that video, Defendant Joseph Martinez states that “Using black gold project revenue as an example, the oil royalties that are produced by Western Oil in the Nevada site are 3.5[%], in the Nebraska site are 20[%]. The percentage is going to be dependent on how big of the reserves are in ground and how much money the DEBT Box team put into the project. Okay, so people might ask you why is in Nebraska are they getting 20% and in Nevada they're only getting 3.5%? Well Nevada was a site that we came into, when I say we, Debt Box came into. It has 400 million barrels in reserve uh and they didn't need that much capital. Okay, great so they got they negotiated 3.5 of 400 million barrels. In Nebraska, which the site has 50 million barrels, so it's a smaller reserve. Still big, smaller reserve we have a bigger percentage because they needed more capital and it's based on a smaller project.”

18. In the course of the Commission's Investigation, I watched a video posted to Defendant Travis Flaherty's YouTube channel on or about July 14, 2022 at <https://www.youtube.com/watch?v=hrVPN7dihLY> (last visited July 24, 2023) entitled “Exclusive Interview with The DEBT Box Founder, Jason Anderson.”

- a. In that video, Defendant Jason Anderson states, among other things, “In oil for instance just from the months of January through the last day of March \$34.7 million dollars is brought into the ecosystem. We've actually burned that and announced it in April. We do it every quarter, we don't announce what's being bought because there could be market manipulation obviously.”
- b. In the video Jason Anderson also states that in addition to sharing in the profits of its various commodities production projects, DEBT Box would undertake efforts to develop the DEBT Box ecosystem, and “increase the value” of the DEBT Box crypto assets “for all license and token holders.” Jason Anderson

also states, “It's not about one token, it's not about one project it's about getting into an ecosystem that prides itself on bringing good solid quality projects.” Jason Anderson also states that “as I grow, I want to make sure we are building out an ecosystem that is for the community it's not about a one person holding the tokens.”

- c. In addition, Jason Anderson states that DEBT Box’s proprietary satellite technology “allows them to see vibrations and different frequencies to “basically … identify the silver, palladium, gold and other elements. It does it by satellite. It costs a lot of money to rent satellites, it costs a lot of money to do the scans, but at the end of the day we've been able to time and time again get to the underlying assets with such accuracy and provability that we physically are licensed with the Ghanaian government right now. We are opening up a couple other countries for that technology and for that we get x amount of royalties of the rare earths that are coming out which then obviously get put into circulation then ends up being tokenized and put on the DEBT platform.” Jason Anderson also states that “it's actually how to read it and how to decipher it to a point where it was accurate enough that you can physically pop two to three tries and hit the dome in oil and gas. That's one of the largest problems. I'm not saying we're 100 percent accurate, you're going to hit the first time but I can get you within six feet and we're gonna find it.”
- d. In the video, Jason Anderson also states, “[T]here are no tokens day one that are in the ecosystem until everything is mining and going.”

19. In the course of the Commission's Investigation, I watched a YouTube video posted to the Michael Tharp EDU channel on or about August 3, 2022 at <https://www.youtube.com/watch?v=Omgno10Wi9A> (last visited July 24, 2023) entitled "LEAKED AUDIO WITH DEBT BOX FOUNDERS Jason & Jake Anderson." In this video, Defendant Jason Anderson, speaking to potential DEBT Box investors, states, "All of the exploratory companies that we are physically partnering with, these are royalties. Okay? That's the easiest way to explain it. It's just royalties. Doesn't matter what project we're in, it's royalties. Those royalties are as big as we could possibly make them." In addition, in the video Defendant Jacob Anderson states "Some projects we have [a] 20 percent royalty. Some projects it's 2 percent." Jason Anderson then states, "If they're a larger exploratory company, they have a long track record, we get less of a royalty." In addition, in the video, Jason Anderson states, "If we have one of these [partnerships with oil companies,] still profitable. We have three of them, it's more profitable. We have hundreds of them, it's exponential. We're seven months in, we have three oil companies we're currently partner with [and] I'm heavily involved with."

20. In the course of the Commission's Investigation, I watched a video posted to Defendant Travis Flaherty's YouTube channel on or about August 4, 2022 at: <https://www.youtube.com/watch?v=UNbYjuleng0> (last visited July 24, 2023).

a. In the video's description, Defendant Travis Flaherty states: "Yesterday, I had the privilege of traveling to our Nebraska Mining Site to tour the operation and to meet with the Debt box founders. Also in attendance, was iX founder, Joseph Martinez and several other iX leaders. . . . One of the highlights, from this trip, was listening to Debt's Geo Specialist speak about our SCAN technology. The proprietary SCAN technology is what makes this all possible."

b. In addition, in the video, Defendant James Franklin states “[you’ve] heard of an MRI before probably, perhaps they had one, they put you in a very large electromagnet and you lay in there and they energize that magnet and what that magnet does is it’s reading your body it binds bone it finds metal it finds everything. . . . [W]e triangulate that with other satellites to figure out exactly where it’s at . . . So, MRIs are identical to the technology.” Franklin also states that at DEBT Box’s Nevada oil well site, “we are literally 1400 feet from an oil pool that is 100 billion barrels in size in Nevada.”

21. In the course of the Commission’s Investigation, I watched a YouTube video posted to the Ricardo Hamilton channel on or about August 3, 2022 at [hhttps://www.youtube.com/watch?v=RA43QghFvHA](https://www.youtube.com/watch?v=RA43QghFvHA) (last visited July 24, 2023) entitled “Debt Box CEO explains how they use #rainwater #brewery #cryptocurrency #beverage.” In the video, Defendant Jason Anderson states “We are the second facility for Richard Rainwater in the world. The first only did four cases a day of product until last year when they hit \$120 million.... This facility brought them from \$22 a month in revenue to over \$12 million a month in revenue.”

22. In the course of the Commission’s Investigation, I watched a video posted to Defendant iX Global, LLC’s (“iX Global’s”) YouTube channel, posted on or about August 13, 2022 and located at <https://www.youtube.com/watch?v=zQROTHLZyG8> (last visited July 24, 2023). In the video’s description, iX Global states: “X-Node is an innovative revolutionary decentralized blockchain ecosystem with crypto and crypto mining backed by gold, oil, gas, platinum, agriculture, aluminum, and more that provides a simple way for people to participate in commodity-backed crypto. This blockchain service provides an opportunity for our members to earn daily rewards through crypto mining backed by real assets and real world projects. Using the

DEBT Exclusive Software, you can turn your computer or laptop into a portfolio of Blockchain miners.” In that video, Defendant Jacob Anderson also states, “our tokens are all supported by commodities and or digitally linked to the commodity itself, in the case of gold silver and palladium. But with oil it’s backed by the projects.”

23. In the course of the Commission’s Investigation, I watched a video posted to Defendant Travis Flaherty’s YouTube channel on or about August 27, 2022 at <https://www.youtube.com/watch?v=TMsXc-Zqmuo&t=190s> (last visited July 24, 2023). In the video, Jake Anderson states “As you can see here, we are in Nebraska drilling for oil, and we’ve got some pretty sizable deposits here. We’re very excited that we hit our first payload and we’re going for our second one. And all of the revenues that come off of this, they go into BGLD.”

24. In the course of the Commission’s Investigation, I watched a video posted to Defendant Travis Flaherty’s YouTube channel on or about November 14, 2022 at: <https://www.youtube.com/watch?v=AbI8fsPfw5E> (last visited July 24, 2023), entitled “The Debtbox Uses ScanTechnology to Find Oil, Natural Gas, Oil, and other elements in Africa (Part 2).” In the video, Defendant Schad Brannon, while showing a visual on his computer screen, states “this green area is a shallower pool [of oil] and the orange area is the deeper pool. We drilled this hole down to a depth of 10,000 feet … our guys did that. We did. We actually own four drill rigs in the US.” In addition, in this video, Brannon states that DEBT Box applied to the Ghanaian government for permission to drill oil and was granted that right. He states, “we applied to the petroleum commission and we were granted, our local content partner, which granted the first uh on exploration license onshore and Ghanaian history.” Brannon then states that DEBT Box has found “crude oil.”

25. In the course of the Commission's Investigation, I watched a video posted to the X-Nodes Community YouTube channel on or about January 19, 2023, at <https://www.youtube.com/watch?v=pHObgf36c-U> (last visited July 24, 2023) entitled "iX Global X-Node Summit AMA 2023." In this video, Defendants Jason Anderson, Jacob Anderson, Royden Nelson, and Schadd Brannon are videotaped on stage in front of what appears to be hundreds of investors.

- a. In the video, Jacob Anderson states that "BLGD is one that we have been getting revenues from for quite some time." In the video, Jason Anderson states that "We have over 200 wells currently right now in underwriting in some sort of acquisition of royalties that is going to be a pivotal moment of this whole ecosystem because you're going to see two token projects absolutely explode what's nice is I don't really care if you have a dinghy or a yacht, the tide is going up and everybody can come along for the ride and that is one of the things we are trying to be as most transparent with as possible and that's why we publish everything and that's why every single purchase goes over pancake swap so you can actually look at it you don't have to take my word for it."
- b. In the video, Jason Anderson also states, in response an investor, "There are several people in this room that got involved with us a year ago, a little over a year ago, we've created roughly 10,000 new millionaires in the United States." Jason Anderson also states, "The 10,000 new millionaires are what we needed ... to get the underlying projects uplifted and, so that's what gets the tens of thousands of jobs around the world created in developing nations so that's really the mission." Jason Anderson also states, "For us, it's all about uplifting the

people we are serving in those countries. We go in, when we mine, we drill for oil, and I say this we because we have the ability to find it and they come in with tech, with the drills and the mining and we tell them where it is.”

c. The video also contains a caption, which states, in part: “iX Global partnered up with The DEBT Box and launched Black Gold BGLD Oil Nodes back in Nov. 2021. Rewards have thus yielded 70-80K % to this date (11-22) and over 100 millionaires have been created!”

26. In the course of the Commission’s Investigation, I watched a YouTube video posted on or about January 19, 2023 at <https://www.youtube.com/watch?app=desktop&v=RQT-EBsNvZY> (last visited July 24, 2023). In that video, Defendant Travis Flaherty states: “It all starts with our scan technology. We have the ability to utilize satellites. We have the ability to be able to read the frequency of these different elements that are in the periodic table and we can pinpoint these elements to within certain areas. But then it’s our proprietary algorithms that we’ve perfected over the last five years that allow us to now pinpoint gold, for example, or aluminum or silver, or natural gas within six centimeters in the ground.”

27. In the course of the Commission’s Investigation, I watched a video posted to the “Queen Wealth Wave” YouTube channel on or about July 11, 2023, at <https://www.youtube.com/watch?v=GpOQZIHKCiY> (last visited July 24, 2023) entitled “New D.E.B.T Box NATG and NGLD Visual Updates.” In that video, Defendant Jake Anderson states, among other things, that “we’re a royalty company. Our job is to constantly expand that royalty that contributes to the tokenomics on the digital side of things. A lot of people don’t understand all of the work that goes in to the behind-the-scenes projects.” Later in that video, Defendant Royod Nelson states “we are getting ready to deliver oil to Conoco.” Later in the video, Defendant Royod Nelson points to a

map, which he states reflect “freshly drilled wells that have produced free-flowing 100 barrels a day for over three months and they’ll finally peter out in the long run of about 50 barrels a day and so the oil is thick in this area, it’s phenomenal.”

a. In the course of the Commission’s Investigation, I also watched a video posted to the iX Global YouTube channel on or about June 14, 2023, at <https://www.youtube.com/watch?v=GpOQZIHKCiY> (last visited July 25, 2023) entitled “The Future of DEBT & L1 Blockchain.” In that video, Defendant Jake Anderson states “one of the things that we have done is we have moved all of the operations currently to Abu Dhabi.” Later in the video, Jake Anderson states “our partnership with the royal family is that they actually gave us the entire fifth floor of one of their financial towers in downtown Abu Dhabi, so we’re going to be moving everything over there.”

Defendant DEBT Box’s Twitter Account

28. In the course of the Commission’s Investigation, I visited Defendant DEBT Box’s Twitter account at <https://twitter.com/TheDebtBox> (last visited July 24, 2023). True and correct copies of various screenshots of “tweets” from the DEBT Box Twitter account are attached hereto as **Exhibit 26**. Among other things, these tweets include statements that “#Commodity-generated royalties are one of the key areas that maintain value of D.E.B.T.’s #token projects,” that “Royalties from commodity, beverage & real estate projects are converted to #tokens, and then burned to create digital value,” and that “[a]l token projects in the D.E.B.T. ecosystem are backed by royalties coming from various industries, such as: Commodities (#BLGD, #NATG, #ALUM), Agriculture (#GROW), Satellite exploration (#XPLR), Real estate industry (#BLOX), Beverage distribution (#BEV), Water industry (#DRIP).”

Defendants' Other Social Media Posts

29. In the course of the Commission's Investigation, I visited Defendant Joseph Martinez's Instagram page at <https://www.instagram.com/p/CuuOYe0MbV3/> (last visited July 24, 2023) and viewed a video posted to that page on or about July 15, 2023 containing the caption "A decentralized chain via Nodes without the possibility of a rug pull." In that Instagram video, Defendant Jason Anderson states, amongst other things, "[e]verybody wants to know where the heck all this license money goes. It's also the most expensive project I've ever thought about in my life. But it is something that will continue to grow and expedite out into the world. This puts everything completely decentralized."

30. In the course of the Commission's Investigation, I also visited Defendant Joseph Martinez's Instagram page at https://www.instagram.com/p/CuzX_hqOwFX/?hl=en (last visited July 24, 2023) and viewed a video posted to that page on or about July 17, 2023. In that video, Defendant Schad Brannon is recorded telling a group of investors that DEBT Box focused on projects related to tangible commodities because "we knew that value would be created with something that you could touch and hold in your hand." Brannon continues by telling investors that "the blockchain is allowing this to be distributed all over the world. . . . this is what we are doing here. We're taking these advantages and we are moving them to the four corners of the earth."

31. In the course of the Commission's Investigation, I also visited Defendant Joseph Martinez's Instagram page at <https://www.instagram.com/p/CrkB1cGgR1z/?hl=en> (last visited July 24, 2023) and viewed a video posted to that page on or about April 27, 2023. In that video, Defendant Jason Anderson states "BEV's current distribution center pushes around 16 million products every single month. That 16 million products that go to shore shelves. That's 16 million

products that, over the course of this year, will have a QR code placed on every single package on the label that you can scan that will bring you to the BEV ecosystem. How great will it be to pick up a product at your 7-11, your local gas station, your local grocery store and say ‘I got paid on that.’ This is what BEV is... [BEV] allowed us to save around 27 cents to the average startup company, and we get a nickel. That nickel is burned into the royalty, and that royalty is sent to everyone’s wallet that has a BEV license.”

32. In the course of the Commission’s Investigation, I also visited Defendant Joseph Martinez’s Facebook page at <https://www.facebook.com/reel/552299643619135> (last visited July 24, 2023) and viewed a video posted to that page on or about January 16, 2023. In that video, Defendant Joseph Martinez states “At iX, we are always talking about transformations. DEBT Box and xNodes has transformed our company into something great. And about three months ago, I bought myself a little present.” The video proceeds to show a Defendant Joseph Martinez next to his recently-purchased Lamborghini Urus.

The Commission’s Investigation Regarding Defendants’ Other Communications to Investors

33. In the course of the Commission’s Investigation, I read an October 3, 2022 article entitled “iX Global Achieves \$100 Million 2022 Sales Goal Over 3 Months Early” and located at: <https://www.businessforhome.org/2022/10/ix-global-achieves-100-million-2022-sales-goal-over-3-months-early/>. A true and correct copy of the article is attached hereto at **Exhibit 27**. In the article, Joseph Martinez states “at the beginning of this year we set out on a journey together, and we called this journey the Road to \$100 Million. As of September 21st we knocked down that goal of one hundred million dollars in revenue.”

34. Attached hereto as **Exhibit 28** is a true and correct copy of iX Global promotional materials. The promotional materials state: “Western Oil Exploration Company is developing the

Scott lease in the Great Basin of Nevada. We are beginning a vertical drilling program with two wells which have the potential to recover +5,000 BO per day and + 20Mmbo per well.” Additionally, one of the XPLR slides in the presentation claim that “DEBT Box satellite tech partners in the new” and contains a picture of Fleet Space’s team in Australia and included photos from Fleet Spaces promotional materials.

35. Attached hereto as **Exhibit 29** is a true and correct copies of a January 20, 2023 message and February 10, 2023 sent by DEBT Box to investors via DEBT Box’s app. In the January 20, 2023 message, DEBT Box states: “On January 19, 2022, BGLD completed another burn from acquired tokens, with 912,600,000 BDLD burn wallet... Value derived from: 912,600,000 tokens X \$0.006 per token = \$5,475,600.00 USD value.” In the February 10, 2023 message, DEBT Box states: “We are very disappointed to announce after our partner worked for months to build the relationship with Fleet to support the XPLR project, the agreements in place have been terminated.”

The Commission’s Investigation Regarding the FAIR Project

36. On or around April, 2023, I visited the following website containing information regarding the purchase of FAIR Project node software license; <https://www.thefairproject.ai/> (last visited July 24, 2023). According to the website, “FAIR” stands for “The Future of Artificial Intelligence Realized.” Marketing materials on the site touted to investors that the FAIR Project “presents a comprehensive solution - a Patent-Pending decentralized computing network powered by everyday devices (Nodes), ensuring data security, and drastically reducing the cost of A.I. integration in healthcare.” The website also states that the FAIR Project is currently offering or preparing to offer node software licenses for 10 additional crypto assets.

37. The FAIR Project website described in paragraph 36 also contains links to marketing materials for the FAIR Project “tokens,” which DEBT Box refers to as “LITE PAPERS.” Attached hereto as **Exhibit 30** is a true and correct copy of the RXT Lite Paper.

38. The FAIR Project website described in paragraph 36 provides the following description for RXT: “Rx-Token (pharma token) is tied to pre-market pharmaceuticals. The FAIR Project has partnered with incredible teams who have developed and deployed well known pharmaceuticals such as Mucinex, Cardizem, Phoslo and Nicorette. Together we can tokenize the process of innovating amazing new medications to improve quality of life.” Under the heading “How to Earn RXT,” The FAIR Project website lists includes the following three steps:

- a. “Create a FAIR Account: Create a FAIR account at app.thefairproject.ai in just a few steps with just an email. Get your account authenticated with Google AUTH or AUTHY, and you'll be ready to purchase a license in no time”
- b. “Purchase Licenses: Become a part of the RXT network by purchasing RXT software mining licenses and take advantage of the pre-market pharmaceutical industry.”
- c. “Earn Tokens: Check your dashboard to see the tokens earned each day. Each mining cycle is 24 hours. You will be rewarded a specific amount of tokens each mining cycle.”

39. In the course of the Commission’s Investigation, I watched a YouTube video posted on July 19, 2023 at <https://www.youtube.com/watch?v=oLEZ4gh0owU> (last visited July 23, 2023) entitled “FAIR Project Intro Call – July 18, 2023.” In that video, Defendant Benjamin Daniels states: “We wanted to introduce you to the FAIR Project and our first node project, the RXT token.” Later in the video, Defendant Daniels states: “Dr. Buck started the FAIR Project, and I’ve

known him for quite some time. We've all been members of, you know involved in, the DEBT Box for quite some time...[W]e are very excited to be a partnering with IX Global and DEBT box to be the first L2 project brought in. You know Billy [Schuler] and myself joined IX two months into their relationship with DEBT Box. We've been a big part of that team. So we are excited to have the FAIR Project and RXT be one of the new projects they'll be bringing, so we should see these [FAIR Project node licenses] on the IX platform."

Information and Documents Provided by Investors and Other Third Party Sources

Declaration and documents provided by Fleet Space CEO Flavia Tata Nardini.

40. Attached hereto as **Exhibit 31** is a true and correct copy of the Declaration of Flavia Tata Nardini. Ms. Nardini is the co-founder and CEO of Fleet Space Technologies Pty Ltd., a supposed business partner of DEBT Box. Ms. Nardini attests that Fleet Space has never entered any agreement with DEBT Box. A colleague of mine, another SEC staff attorney at the Salt Lake Regional Office in Enforcement, obtained this declaration from Ms. Nardini.

Declaration and documents provided by investor Andrew Michael Johnson.

41. Attached hereto as **Exhibit 32** is a true and correct copy of the Declaration of Andrew Michael Johnson. Mr. Johnson is was an investor in the DEBT Box's node licenses. A colleague of mine, another SEC staff attorney at the Salt Lake Regional Office in Enforcement, obtained this declaration from Mr. Johnson. Mr. Johnson's declaration attests to how he learned about DEBT Box, how he invested, and the statements he relied upon.

Declaration and documents provided by Rich Lee Serena

42. Attached hereto as **Exhibit 33** is a true and correct copy of the Declaration of Rick Lee Serena. Mr. Serena is a former employee of Lazy Magnolia. A colleague of mine, another SEC staff attorney at the Salt Lake Regional Office in Enforcement, obtained this declaration

from Mr. Serena. Mr. Serena as an employee of the Lazy Magnolia for a time and his declaration attests to the lack of revenues generated from the company and the lack of bottling contracts DEBT Box had claimed were in place.

Declaration and documents provided by Michael Allen Mortensen

43. Attached hereto as **Exhibit 34** is a true and correct copy of the Declaration of Michael Allen Mortensen. Mr. Mortensen is a special agent for the U.S. Bureau of Land Management. A colleague of mine, another SEC staff attorney at the Salt Lake Regional Office in Enforcement, obtained this declaration from Mr. Mortensen. Mr. Mortensen's declaration attests to information he obtained through an investigation into Defendants Western Oil Exploration Company, Inc. and James E. Franklin.

The Commission's Investigation Regarding Public Documents

44. As part of the Investigation, SEC staff endeavored to identify the owners of the business entities that are named as Defendants or Relief Defendants in the Commission's action. In this section I describe the business entity searches I conducted, what the records showed.

45. Digital Licensing Group, Inc.: I conducted a business entity search on the State of Wyoming Secretary of State's website and retrieved information concerning Digital Licensing Group, Inc. from the following website: <https://www.sos.wyo.gov>. A true and correct copy of the information is attached hereto as **Exhibit 35**. The entity information for Digital Licensing Group, Inc., last updated December 9, 2022, shows that Shad Brannon of 1812 W. Sunset Blvd. #1-345 St. George, UT 84770 is the President of Digital Licensing Group, Inc., and that Roy Nelson of 1812 W. Sunset Blvd. #1-345 St. George, UT 84770 is the Secretary, Treasurer, and sole Director of Digital Licensing Group, Inc.

46. Lazy Magnolia Brewing Company, LLC: I conducted a business entity search on the State of Mississippi Secretary of State's website and retrieved information concerning Lazy Magnolia Brewing Company, LLC from the following website: <https://www.sos.ms.gov>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 36**. The entity information of Lazy Magnolia Brewing Company, LLC shows that Jason Anderson of 7030 Roscoe-Turner Road, KILN, MS 39556 is one of the Managers.

47. Western Oil Exploration Company, Inc.: I conducted a business entity search on the State of Nevada Secretary of State's website and retrieved information concerning Western Oil Exploration Company, Inc. from the following website: <https://www.nvsos.gov/sos/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 37**. The entity information of Western Oil Exploration Company, Inc., last updated on August 1, 2023, shows that James Franklin of 848 N. Rainbow Blvd., Suite 2818, Las Vegas, NV, 89107, USA is the President and sole Director of Western Oil Exploration Company, Inc.

48. iX Global LLC: I conducted a business entity search on the State of Utah Secretary of State's website and retrieved information concerning iX Global LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 38**. The entity information of iX Global LLC, last updated on June 17, 2022, shows that Joseph Anthony Martinez of 769 S, Tanglewood Loop, North Salt Lake, UT 84054 is the Registered Agent.

49. B & B Investment Group, LLC: I conducted a business entity search on the State of Utah Secretary of State's website and retrieved information concerning B&B Investment Group, LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 39**. The entity

information for B&B Investment Group, LLC, registered on August, 26, 2022 to the address of of 652 W Rachelle Park CV, South Jordan, UT 84095, shows that “Ben Frank Daniels” of 652 W Rachelle Park CV, South Jordan, UT 84095 and “William Scott Beach” 9103 S Hidden Peak Dr, West Jordan, UT 84088 are the entity’s Members.

50. BW Holdings, LLC: I conducted a business entity search on the State of Utah Secretary of State’s website and retrieved information concerning BW Holdings, LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 40**. The entity information of BW Holdings, LLC last updated on July 19, 2022, shows Alton O. Parker of 4465 S. Mathews Way, Salt Lake City, UT 84124, as the sole Member of the company.

51. Archer Drilling, LLC: I conducted a business entity search on the State of Wyoming Secretary of State’s website and retrieved information concerning Archer Drilling, LLC from the following website: <https://www.sos.wyo.gov>. A true and correct copy of the information is attached hereto as **Exhibit 41**. The entity information for Archer Drilling, LLC, was last updated March 9, 2023, shows that James Franklin organized the entity on April 3, 2022, and is listed as the entity’s “Managing director.” The entity information lists as its principal address and mailing address 1812 W Sunset Blvd, Ste 1-345, Saint George, UT 84770 and lists, Gene Purdy as its Registered Agent.

52. Business Funding Solutions, LLC: I conducted a business entity search on the State of Utah Secretary of State’s website and retrieved information concerning Business Funding Solutions, LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 42**. The entity information of Business Funding Solutions, LLC shows that the entity was last renewed on

August 21, 2020 and expired on August 24, 2022 for failure to renew its registration. The entity information also shows Jason R Anderson of 1086 E Skyler Dr, Draper UT, 84020, as the Registered Agent and sole Member.

53. Blox Lending, LLC: I conducted a business entity search on the State of Utah Secretary of State's website and retrieved information concerning Blox Lending, LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 43**. The entity information of Blox Lending, LLC, last updated on December 14, 2022, shows Jason Anderson, of 13894 S Bangerter Pkwy, STE 200, Draper, UT 84020, as its Manager and sole Member.

54. Calmfritz Holdings, LLC: I conducted a business entity search on the State of Utah Secretary of State's website and retrieved information concerning Calmfritz Holdings, LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 44**. The entity information of Calmfritz Holdings, LLC last updated on January 17, 2023, shows Chadwick Calmes, of 10081 Rockview Dr Sandy, UT 84092, and Matthew Dillon Fritzsche, of 1086 E Skyler Dr Draper, UT 84032, as the entity's Members, with Matthew Dillon Fritzsche listed as the entity's Registered Agent.

55. Calmes & Co, Inc.: I conducted a business entity search on the State of Utah Secretary of State's website and retrieved information concerning Calmes & Co. Inc. from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 45**. The entity information of Calmes & Co. Inc. last updated on July 9, 2022, shows Kory Ronald Calmes of 10081 Rockview Drive Sandy, UT 84092 as the Incorporator, an Officer, a Director, and a Secretary, with Chadwick

Hunsaker Calmes of 10081 Rockview Drive Sandy, UT 84092 as an Officer, Director, and the Vice President.

56. Flaherty Enterprises, LLC: I conducted a business entity search on the State of Arizona Secretary of State's website and retrieved information concerning Flaherty Enterprises, LLC from the following website: <https://www.azsos.gov>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 46**. The entity information of Flaherty Enterprises, LLC last updated on July 8, 2015, shows that Travis Flaherty and Summer Flaherty of 23465 S 202nd St., Queen Creek, AZ, 85142, are the entity's Members, with Travis Flaherty listed as the Statutory Agent of Flaherty Enterprises, LLC.

57. IX Ventures FZCO: I conducted a business entity search on the United Arab Emirates' Ministry of Economy's website and retrieved information concerning IX Ventures FZCO from the following website: <https://ner.economy.ae/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 47**. The entity information for IX Ventures FZCO shows that the entity is active.

58. Purdy Oil, LLC: I conducted a business entity search on the State of Nebraska Secretary of State's website and retrieved information concerning Purdy Oil, LLC from the following website: <https://www.nebraska.gov/sos/corp/corpsearch.cgi>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 48**. The entity information of Purdy Oil, LLC last updated on Jun 21, 2023, shows that the entity was dissolved. I also reviewed the entity's Operating Agreement dated January 7, 2021, showing James Franklin, of 3510 Santoro Way, San Diego, California, 92130, as having 96.65% ownership in the Company, and Gene Purdy, of 1100 Harrison Drive Box 94, Pine Bluffs, Nebraska, 82082, and having 3.3456% ownership of the company.

59. The Gold Collective, LLC: I conducted a business entity search on the State of Nevada Secretary of State's website and retrieved information concerning The Gold Collective, LLC from the following website: <https://www.nvsos.gov/sos/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 49**. The entity information, last updated on April 10, 2023, lists "The Mineral Collective, LLC" as the entity's name and the "The Gold Collective, LLC" (Entity Number: E0100172019-5) as the business's name and shows Roy Nelson, of 1810 East Sahara Ave Ste 425, Las Vegas, NV, 89104, as the Manager and Roy Nelson, of 385 Terrabianca, Henderson, NV, 89102, USA, as the Registered Agent.

60. UIU Holdings, LLC: I conducted a business entity search on the State of Utah Secretary of State's website and retrieved information concerning UIU Holdings, LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 50**. In addition, I conducted a business entity search on the State of Utah Secretary of State's website and retrieved information concerning UIU Holdings, LLC from the following website: <https://www.https://icis.corp.delaware.gov/ecorp/entitysearch//>. The entity information for UIU Holdings, LLC, last updated on December 14, 2022, shows that the entity was formed in Delaware on November 5, 2019 and registered to do business in Utah as a Foreign LLC on December 14, 2022, and lists Jason Anderson, of 1086 E Skyler Dr, Draper UT, 84020, as the Manager and sole Member.

The Commission's Investigation Regarding SEC Records

61. In the course of the Commission's Investigation, I have reviewed information—including marketing materials, electronic communications, YouTube videos, and social media posts—concerning the promotion of DEBT Box and FAIR Project license nodes. I have also reviewed bank records and information provided by confidential sources. Based upon this

information, I have determined Defendants Jason Anderson, Jake Anderson, Brannon, Nelson, Bowen, iX Global, Martinez, Daniels, Schuler, Core 1 Crypto, Flaherty, Stangis, and Fritzche solicited investors to purchase DEBT Box node software licenses and/or FAIR Project node software licenses and received compensation for the successful solicitation of investors

62. I conducted a search of Commission records on the Commission's EDGAR database at <https://www.sec.gov/edgar/> to see if Digital Licensing, Inc. and BW Holdings, Inc. from had registered a securities offering with the Commission at any point since January 1, 2020. Neither of these entities appeared in my searches.

63. During the course of the Investigation, I conducted a search to see if Jason Anderson, Jake Anderson, Royod Nelson, Schad Brannon, Joseph A. Martinez, Travis Flaherty, Mark Schuler, Benjamin Daniels, Ryan Bowen, Stangis, Fritzsche, iX Global, and Core 1 Crypto had ever been registered as a broker-dealer. I searched the database located at: <https://brokercheck.finra.org> for those who have been registered as either a broker or dealer. None of Jason Anderson, Jake Anderson, Royod Nelson, Schad Brannon, Joseph A. Martinez, Travis Flaherty, Mark Schuler, Benjamin Daniels, Ryan Bowen, Stangis, Fritzsche, iX Global, and Core 1 Crypto appeared in my searches as individuals who had been registered as a broker-dealer.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 26th day of July, 2023 in Salt Lake City, Utah.

/s/ Joseph Watkins

Joseph Watkins